

Message Text

UNCLASSIFIED

PAGE 01 VALLET 00944 131356Z

53

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 DODE-00 /068 W

----- 051837

R 131310Z AUG 75

FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 6356

UNCLAS VALLETTA 0944

E.O. 11652: N/A

TAGS: EIND, EINV, MT

SUBJECT: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: STATE 165596

1. AS REQUESTED BY THE REFERENCED TELEGRAM, THE EMBASSY IS TRANSMITTING THE FOLLOWING REVISED STATEMENT ON MALTA'S INVESTMENT CLIMATE AND FOREIGN INVESTMENT STATISTICS.

2. BEGIN NARRATIVE:

A. THE GOVERNMENT OF MALTA IS EXTREMELY INTERESTED IN FOREIGN INVESTMENT, IN ORDER TO EXPAND THE COUNTRY'S INDUSTRIAL BASE AND TO REDUCE UNEMPLOYMENT. A PARA-STATAL ORGANIZATION, THE MALTA DEVELOPMENT CORPORATION, ACTIVELY PROMOTES INVESTMENT OPPORTUNITIES AND ASSISTS IN TECHNICAL ARRANGMENTS FOR PROSPECTIVE FIRMS.

B. IN ADDITION, IT IS THE STATED POLICY OF THE PRESENT MALTESE LABOR GOVERNMENT TO ELIMINATE MALTA'S HISTORIC DEPENDENCE ON INCOME DRIVED FROM THE PRESENCE OF FOREIGN MILITARY FORCES. THE CURRENT AGREEMENT FOR THE RENTAL OF MILITARY FACILITIES TO THE UNITED KINGDOWN EXPIRES IN 1979, BY WHICH TIME THE MALTESE GOVERNMENT HOPES TO FIND ALTERNATE SOURCES FOR THE ANNUAL INPUT OF SOME \$80 MILLION DERIVED

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 VALLET 00944 131356Z

FROM THE BRITISH MILITARY PRESENCE. TO ACHIEVE THIS, THE

GOVERNMENT IS EMPHASIZING THE DEVELOPMENT OF EXPORT-ORIENTED INDUSTRIES DESIGNED TO TAKE ADVANTAGE OF MALTA'S SKILLED AND RELATIVELY INEXPENSIVE LABOR FORCE, AND THE COUNTRY'S STRATEGIC LOCATION IN THE CENTER OF THE MEDITERRANEAN TRADING AREA.

C. MALTA'S LABOR GOVERNMENT BELIEVES THAT THERE SHOULD BE GOVERNMENT PARTICIPATION WITH THE PRIVATE SECTOR IN THE PLANNED DEVELOPMENT OF THE MALTESE ECONOMY. AS A RESULT, A SIGNIFICANT PERCENTAGE OF NEW FIRMS ESTABLISHED IN MALTA DURING THE PAST FEW YEARS HAVE BEEN PARA-STATAL IN NATURE. IN ADDITION, THE GOVERNMENT ENCOURAGES JOINT VENTURES WITH FOREIGN INVESTORS THROUGH THE MALTA DEVELOPMENT CORPORATION.

D. MALTA HAS AN EXTENSIVE INVESTMENT INCENTIVES PROGRAM, BUT INCENTIVES ARE NOT GRANTED AUTOMATICALLY. PRESENT GOVERNMENT POLICY STRESSES THAT NEW COMPANIES SHOULD BE VIABLE ON THEIR OWN MERITS, WITHOUT THE NEED FOR INCENTIVES. NEVERTHESS, INCENTIVES SUCH AS SUBSIDIZED RENTS FOR FACTORIES, DEPRECIATION ALLOWANCES, AND REDUCED TAXATION ON REINVESTED PROFITS CAN BE OBTAINED THROUGH NEGOTIATIONS. INDUSTRIES GIVEN PRIORITY ARE THOSE WHICH ARE LABOR INTENSIVE AND WHICH INVOLVE A HIGH DEGREE OF ELECTRICAL OR MECHANICAL ENGINEERING. IMPORT-SUBSTITUTE INDUSTRIES ARE ALSO SOUGHT.

E. THERE IS NO ANTITRUST LEGISLATION IN MALTA. FOREIGN OWNED FIRMS IN MALTA RECEIVE THE SAME TREATMENT AS LOCALLY OWNED FIRMS. THERE ARE NO UNRESOLVED CASES OF EXPROPRIATION AND NO CONVERTIBILITY DIFFICULTIES. NEW COMPANIES ARE ENCOURAGED TO GIVE JOB PREFERENCE TO MEMBERS OF TWO GOVERNMENT-SPONSORED LABOR CORPS. OPIC GUARANTEES ARE PRESENTLY IN EFFECT FOR MALTA, AND NEGOTIATIONS TO CONCLUDE A DOUBLE TAXATION AGREEMENT BETWEEN MALTA AND THE U.S. ARE IN PROGRESS. END NARRATIVE.

3. INVESTMENT STATISTICS:

A. U.S. DIRECT INVESTMENT IN MALTA AT THE END OF 1974 IS AN ESTIMATED \$5.2 MILLION AT NET BOOK VALUE, ALL IN THE UNCLASSIFIED

UNCLASSIFIED

PAGE 03 VALLET 00944 131356Z

MANUFACTURING SECTOR.

B. TOTAL FOREIGN DIRECT INVESTMENT IN MALTA IS AN ESTIMATED \$50 MILLION. ROUGHLY 50 PERCENT IS BRITISH, 20 PERCENT GERMAN, AND 10 PERCENT U.S., WITH THE REMAINDER SCATTERED AMONG VARIOUS COUNTRIES. THIS PATTERN HAS REMAINED RELATIVELY CONSTANT FOR SEVERAL YEARS.

C. STATISTICS ON DIRECT MALTESE INVESTMENT IN THE U.S.
ARE NOT AVAILABLE. SMITH

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, INVESTMENT CLIMATE, INVESTMENT DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 13 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975VALLET00944
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750279-0913
From: VALLETTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750854/aaaabvwe.tel
Line Count: 117
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 165596
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 03 MAR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 MAR 2003 by ReddocGW>; APPROVED <23 MAR 2004 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FOREIGN INVESTMENT CLIMATE AND STATISTICS
TAGS: EIND, EINV, MT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006